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Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
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TO SECSTATE WASHDC 4605
INFO AMEMBASSY LA PAZ
AMEMBASSY QUITO
AMEMBASSY SANTIAGO

C O N F I D E N T I A L LIMA 3479

E.O. 11652: GDS
TAGS: PINT PE
SUBJ: MORALES BERMUDEZ RECONFIRMATION -- A POLITICALLY
STABILIZING CLARIFICATION

REF: LIMA 3298, LIMA 3248

SUMMARY. THE APRIL 22 JUNTA ACCORD TO RECONFIRM MORALES BERMUDEZ AS PRESIDENT NOW AND BEYOND HIS JANUARY 1978 MILITARY RETIREMENT DATE HAS CLARIFIED THE POLITICAL ENVIRONMENT, STRENGTHENED MORALES BERMUDEZ AND ENHANCED GOP STABILITY. WHILE GRAVE ECONOMIC AND POLITICAL PROBLEMS ARE YET TO BE RESOLVED, MORALES BERMUDEZ HAS A RENEWED ARMED FORCES MANDATE TO DEAL WITH THEM. END SUMMARY.

THERE ARE VARYING VERSIONS OF EVENTS LEADING TO THE APRIL 22 ANNOUNCEMENT, NONE OF WHICH HAS YET BEEN DEFINITELY VERIFIED. WITHOUT ATTEMPTING TO RECONSTRUCT DETAILS, THE EMBASSY SUMMARIZES THESE VERSIONS IN THE FOLLOWING MANNER:

1. LAME DUCK PROBLEM (MORALES BERMUDEZ ACTS)
MORALES BERMUDEZ' MILITARY RETIREMENT DATE IS JANUARY 31, 1978.
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THE RETIREMENT DATE OF PRIME MINISTER ARBULU AND OTHER MEMBERS OF MORALES BERMUDEZ' CLASS FROM WHICH THE PRESIDENT DERIVES SUPPORT IS, OF COURSE, ALSO JANUARY 1978. JULY 28 (INDEPENDENCE DAY) IS PERHAPS THE MOST IMPORTANT DATE ON PERU'S POLITICAL CALENDAR, WHEN THIS YEAR PERUVIANS WOULD HAVE EXPECTED A SUCCESSION DECISION, IF THAT DATE HAD PASSED WITHOUT A DECISION ON MORALES BERMUDEZ' STATUS FOLLOWING HIS MILITARY RETIREMENT,

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HIS POWER WOULD HAVE RAPIDLY ERODED AND THAT EROSION WOULD BE EXACERBATED BY THE DUCK STATUS OF PRIME MINISTER ARBULU. SUCCESSION RUMORS WERE ALREADY RIFE IN EARLY APRIL; THEREFORE MORALES BERMUDEZ HAD TO ADDRESS THE ISSUE IN ORDER TO MAINTAIN HIS PRESENT POLITICAL CONTROL. HE DID SO BY CALLING THE JUNTA TOGETHER AND PRESENTING THE OPTIONS. DID THEY FEEL HE SHOULD CONTINUE BEYOND JANUARY IN ORDER TO PROVIDE STABILITY IN A PERIOD OF ECONOMIC CRISIS AND POLITICAL TRANSITION, OR WERE THEY PREPARED TO CHOOSE GENERAL RICHTER (POSSIBLY UNSETTLING TO BOTH TRADITIONAL POLITICAL GROUPS AND TO THE LEFT, GENERAL HOYOS (STILL IDENTIFIED WITH THE VELASCO ERA) OR EVEN THE POLITICALLY-DISCREDITED FORMER FOREIGN MINISTER GENERAL DE LA FLOR? THESE WERE SAID TO BE ALTERNATIVES (NOT EXACTLY RANK ORDER) PRESENTED BY MORALES BERMUDEZ (ARMY GENERAL MOLINA, NEXT IN LINE AFTER ARBULU, HAS NEVER BEEN CONSIDERED PRESIDENTIAL TIMBER). PRESENTED WITH THESE OPTIONS, THE JUNTA EXPRESSED FULL SUPPORT FOR MORALES BERMUDEZ. THE PRESIDENT THEN POLLED RANKING MILITARY OFFICERS IN THE SAME MANNER AND SECURED AN EARLY "VOTE OF CONFIDENCE".

2. PRETENDERS' CHALLENGE (MORALES BERMUDEZ REACTS)

THE CONSERVATIVE GENERAL BRICENO (FIRST REGIONAL COMMANDER), SUPPORTED BY THE NAVY AND, ACCORDING TO SOME, BY THE ARMY'S THIRD REGIONAL COMMANDER GENERAL SANCHEZ, IS SAID TO HAVE CALLED UPON MORALES BERMUDEZ TO RESPECT THE REVOLUTIONARY STATUTE AND RETIRE IN JANUARY. THE BRICENO APPROACH COULD HAVE BEEN QUIETLY SUPPORTED BY THE AMBITIOUS RICHTER AND YOUNGER ARMY OFFICERS LIKE MINISTER OF INDUSTRY IBANEX O'BRIEN. THE NAVY MIGHT HAVE SEEN THE BRICENO APPROACH AS ENHANCING ITS OWN POWER BY MEANS OF A STRONG JUNTA VS A WEAK

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TRANSITIONAL PRESIDENT. THE POLITICAL VIEWS PRESSED ON MORALES BERMUDEZ BY BRICENO WERE ALSO SAID TO COINCIDE WITH NAVY CONVICTIONS. FACED WITH A CHALLENGE TO HIS AUTHORITY, MORALES BERMUDEZ DEMANDED THAT THE MILITARY EITHER CONFIRM HIM BEYOND JANUARY OR ACCEPT HIS RESIGNATION NOW. THE POLITICAL AND ECONOMIC SITUATION CALLED FOR GOVERNMENT STABILITY. PRIME MINISTER ARBULU, INTERIOR MINISTER CISNEROS AND OTHERS STOOD SOLIDLY WITH MORALES BERMUDEZ. THE PRESIDENT WAS GIVEN HIS "VOTE OF CONFIDENCE".

3. FACTORS EXTERNAL TO THE MILITARY (GOP DELIBERATES)

THE MOST IMPORTANT EXTERNAL FACTOR SHAPING THE SUCCESSION QUESTION WAS THE ECONOMIC CRISIS AND IMF DEMANDS. THE IMF IS SAID TO HAVE QUERIED MORALES BERMUDEZ ON WHETHER THE GOP'S 1977 DECISIONS WOULD BE HONORED FOLLOWING ANTICIPATED JANUARY-FEBRUARY 1978 GOVERNMENT CHANGES. IN THE POLITICAL SPHERE THE MILITARY WAS TROUBLED BY THE POTENTIALLY DIVISIVE INFLUENCE OF THE RECENTLY-ORGANIZED NON-MARXIST VELASQUISTA PARTY WITH THE PARTICIPATION OF RETIRED GENERALS TANTALEAN, MERCADO JARRIN, SALA OROZCO AND OTHERS. ALSO SCURRILOUS MAGAZINE

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ATTACKS ON FORMER PRESIDENT VELASCO AND PRIME MINISTER FERNANDEZ MALDONADO WERE DISCONCERTING TO THE MILITARY. THE DOMESTIC POLITICAL SITUATION, INCLUDING A DEVELOPING DIALOGUE WITH POLITICAL PARTIES AND POTENTIAL SOCIAL/LABOR UNREST DEMANDED GOP UNITY AND QUICK RESOLUTION OF THE SUCCESSION QUESTION. MORALES BERMUDEZ WAS THEREFORE RECONFIRMED IN ORDER TO STRENGTHEN THE GOP HAND IN NEGOTIATIONS WITH THE IMF AND WITH DOMESTIC POLITICAL BUSINESS AND LABOR GROUPS.

4. ELEMENTS OF ALL THREE VERSIONS OF EVENTS WERE PROBABLY INVOLVED IN THE APRIL 22 RECONFIRMATION. THE RESULT APPEARS TO BE A STRENGTHENED MORALES BERMUDEZ (AND ECOCOMITANTLY WEAKENED STATUS OF POSSIBLE PRETENDERS) IN THE NEAR TERM, AND A MORE COHESIVE GOP BETTTER ABLE TO FACE SEVERE ECONOMIC AND POLITICAL DIFFICULTIES. THE MANNER AND EXTENT TO WHICH THE GOP WILL BE ABLE SUCCESSFULLY TO FACE THE ECONOMIC CRISIS IS STILL UNCLEAR, HOWERER. FINANCE MINISTER BARUA, AS WELL AS THE CONFIDENTIAL

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REST OF THE ECONOMIC TEAM IN THE CENTRAL BANK REMAIN IN OFFICE BUT CONTINUE UNDER FIRE.

5. TRADITIONALY CIVILIAN GROUPS, ESPECIALLY APRA, ARE ON BALANCE ENCOURAGED BY DEVELOPMENTS AND EXPECT MORALES BERMUDEZ TO CARRY ON WITH THE DIALOGUE LEADING TO A NEW CONSTITUTION AND ELECTIONS IN DUE COURSE. MORALES BERMUDEZ IS SCHEDULED TO MEET WITH APRA LEADERS MAY 5. SOME CIVILIANS, HOWEVER, EXPRESS CONCERN THAT A RECONFIRMED MORALES BERMUDEZ WILL RESURRECT THE DREAM OF BUILDING "PARTICIPATIONIST DEMOCRACY" THROUGH THE PEASANT, LABOR AND OTHER SOCIAL ORGANIZATIONS OR AT LEAST USE THESE LEFTIST GROUPS TO "NEUTRALIZE" TRADITIONAL POLITICAL PARTIES. THESE CIVILIANS ARE ALSO CONCERNED THAT THE APRIL 22 STATEMENT OF PRIME MINISTER ARBULU, THAT "ADVERSARIES OF THE PROCESS ARE TRYING TO DISORIENT PUBLIC OPINION AND DESTROY ARMED FORCES UNITY", PORTENDS SEVERE GOP PRESSURE ON FREE-WHEELING MAGAZINES, SOME OF WHICH HAVE BEEN PUBLISHING CONFIDENTIAL IMF-RELATED DOCUMENTS WITH SENSATIONALIST COMMENTARY WHILE OTHER HAVE VILIFIED THE VELASCO REGIME. IN AN EFFORT TO PRESERVE MILITARY UNITY BY BLURRING IDEOLOGICAL DIFFERENCES BETWEEN THE VELASCO AND MORALES BERMUDEZ REGIMES, THE GOP MAY NOW DROP REFERENCES TO REVOLUTIONARY "PHASES", TREATING THE PROCESS INSTEAD AS A CONTINUUM OF SHARED RESPONSIBILITY.
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